



PRACTICE SET
End Semester Examination, December, 2025

Program: B. Com.

Semester (IIIrd)

Subject: Income Tax: Law and Practice-II

Subject Code: 32ACC204

Course Learning Objective:

The Objective of the course are classified as follows: -

CLO 1: To understand and apply provisions of clubbing of income, set-off and carry forward of losses, and deductions to accurately compute taxable income and support effective tax planning.

CLO 2: To apply relevant tax rates and provisions to compute tax liability for individuals and firms, interpret tax slabs, and analyze cases for accurate and compliant tax computation.

CLO 3: To understand and comply with income tax return filing procedures, identify appropriate return forms, and differentiate between types of assessments under the Income Tax Act.

CLO 4: To understand the provisions related to timely payment of advance tax, computation of interest and fees for defaults, and the mechanism of Tax Deducted at Source (TDS) under the Income Tax Act.

Course Outcome:

On completion of the Course, the students will be able to:

CO1: Gain understand the clubbing provisions, apply rules for set-off and carry forward of losses, and evaluate deductions under Chapter VI-A to compute accurate taxable income

CO2: Apply knowledge of the Income Tax Act to analyze total income components, compute income under each head, and accurately determine total income and tax liability for individuals and firms.

CO3: Analyze types of income tax returns and assessments, apply e-filing procedures, handle rectifications and notices, and assess compliance requirements.

CO4: Understand and apply provisions of advance tax, interest, fees, and TDS, compute related liabilities, and analyze their impact on overall tax compliance.

SECTION A

Question for Five (5) marks:

1. Explain the concept of set-off and carry forward of losses under the Income Tax Act. [CO1, Unit I, BTL – LOT, Understand]
2. List the types of losses that can be carried forward and the corresponding maximum period for each. [CO1, Unit I, BTL – LOT, Remember]
3. Describe the treatment of loss under the head "Capital Gains" as per the provisions of the Income Tax Act. [CO1, Unit I, BTL – LOT, Remember]
4. Explain with proper example inter source and inter head adjustments. [CO1, Unit I, BTL – LOT, Understand]
5. Explain the order in which the business losses is to be set – off under income tax act, 1961. [CO1, Unit I, BTL – LOT, Understand]
6. Explain the primary objective behind the introduction of the Minimum Alternate Tax (MAT). What specific problem was the government aiming to address? [CO2, Unit II, BTL – LOT, Understand]
7. Describe the applicability of AMT differ for a firm versus an individual, specifically concerning the income threshold. [CO2, Unit II, BTL – LOT, Remember]
8. Compare between MAT Credit' and 'AMT Credit'. [CO2, Unit II, BTL – LOT, Understand]
9. State the due dates for filing a return of income under Section 139(1) for the following assesseees:
 - a) A company
 - b) A working individual (not required to get accounts audited)
 - c) A person whose accounts are required to be audited. [CO3, Unit III, BTL – LOT, Remember]
10. List any five powers vested in an income-tax authority under Section 131(1) which are similar to those of a Civil Court. [CO3, Unit III, BTL – LOT, Remember]
11. State the procedure to be followed by an Assessing Officer when he considers a return of income as 'defective' under Section 139(9). [CO3, Unit III, BTL – LOT, Remember]

12. List any five transactions where quoting of Permanent Account Number (PAN) is mandatory in the related documents. [CO3, Unit III, BTL – LOT, Remember]
13. Compare between self-assessment under Section 140A and Scrutiny Assessment under Section 143(3) [CO3, Unit III, BTL – LOT, Understand]
14. Explain the term Best Judgment assessment under section 144. [CO3, Unit III, BTL – LOT, Understand]
15. Explain the consequences of filing a defective return as per Section 139(9). How much time is allowed for rectifying such defects? [CO3, Unit III, BTL – LOT, Understand]
16. Explain the difference between Tax deducted at source (TDS) and Tax collected at source (TCS). [CO4, Unit IV, BTL – LOT, Understand]
17. Who is deemed to be an assessee-in-default under Section 191? Discuss the conditions when this applies. [CO4, Unit IV, BTL – LOT, Understand]
18. Define the term “work” as used under Section 194C for the purpose of TDS. [CO4, Unit IV, BTL – LOT, Remember]
19. Describe any five types of income or transactions where TCS is applicable under Section 206C. [CO4, Unit IV, BTL – LOT, Remember]
20. Explain who is responsible for deducting tax at source under Section 192? At what time should the deduction be made? [CO4, Unit IV, BTL – LOT, Understand]
21. State the advantages of TDS. [CO4, Unit IV, BTL – LOT, Remember]

SECTION B

Question for Ten (10) marks:

22. Explain how inter-source set-off of losses works under the same head of income. Use an example to demonstrate this concept. [CO1, Unit I, BTL – HOT, Analyze]
23. Describe inter head adjustments and list out such losses. [CO1, Unit I, BTL – LOT, Remember]
24. Mr. A, aged 35 years, submits the following particulars pertaining to the A.Y.2025-26:

Particulars	Rs
Income from salary (computed)	4,00,000
Loss from let-out property	(-) 2,20,000

Business loss	(-)1,00,000
Bank interest (FD) received	80,000

Compute the total income of Mr. A for the A.Y.2025-26, assuming that

- i. He has exercised the option of shifting out of the default tax regime provided under section 115BAC(1A).
 - ii. He pays tax under the default tax regime. [CO1, Unit I, BTL – HOT, Evaluate]
25. Describe the deductions available under section 80C, 80CCC, 80D, 80E and 80G of income tax act, 1961. [CO1, Unit I, BTL – LOT, Remember]
26. A Limited Liability Partnership (LLP) has claimed a deduction under Section 80-IB. Its adjusted total income is calculated to be ₹15 lakh. Are the provisions of AMT applicable to this LLP? Justify your answer based on the two key conditions for AMT applicability. [CO2, Unit II, BTL – HOT, Evaluate]
27. Explain how the concept of “Adjusted Total Income” for AMT differs from "Taxable Income" computed under the normal provisions of the Income-tax Act for a non-corporate taxpayer. Provide the structure of its calculation. [CO2, Unit II, BTL – LOT, Understand]
28. The tax liability of Essem Enterprises (a partnership firm) for the financial year 2025-26 under the normal provisions of the Income-tax Act is Rs. 8,40,000 and the liability as per the provisions of AMT is Rs. 10,00,000. Analyze, will it be entitled to claim any AMT credit in the subsequent year(s). [CO2, Unit II, BTL – HOT, Analyze]
29. Compute the amount of admissible remuneration of a partnership firm in the following cases, if the Book Profits are as under:
- Case (1): (-) Rs. 3, 00,000
Case (2): Rs. 1, 25,000
Case (3): Rs. 2, 75,000
Case (4): Rs. 5, 00,000
Case (5): Rs. 8, 00,000
- Partnership deed provides for the following salary to the partners:
- A. Being working partner Rs. 2,40,000
B. Non-working partner Rs. 1,40,000
C. Being working partner Rs. 1,20,000
- Also calculate amount of salary taxable in the hands of partners. [CO2, Unit II, BTL – HOT, Evaluate]
30. Explain the terms 'Belated Return' and 'Revised Return' as per Sections 139(4) and 139(5). What is the common time limit for filing both? [CO3, Unit III, BTL – LOT, Understand]

31. Describe the circumstances under which the CBDT is empowered to relax the requirement of filing a return of income for a class of persons as per Section 139(1C). [CO3, Unit III, BTL – LOT, Understand]
32. Explain the powers of an 'Authorised Officer' with reference to the search of a person and with reference to books of account/other documents during a search operation under Section 132. [CO3, Unit III, BTL – LOT, Understand]
33. Critically evaluate the significance of timely filing a return of loss under Section 139(3) in enabling the assessee to carry forward and set off losses under the Income Tax Act. Support your answer with suitable provisions and examples. [CO3, Unit III, BTL – HOT, Evaluate]
34. Evaluate the effectiveness of the Central Government's power under Section 139(1C) to exempt certain classes of persons from filing returns. [CO3, Unit III, BTL – HOT, Evaluate]
35. Discuss the provisions related to TDS on interest on security under section 193. [CO4, Unit IV, BTL – LOT, Understand]
36. Discuss the provisions related to TDS on winning from online games section 194BA. [CO4, Unit IV, BTL – LOT, Understand]
37. Analyze how the provisions of Sections 190 (deduction of tax at source and advance payment) and 191 (Direct payment) ensure continuous tax collection throughout the year and minimize tax evasion. Support your answer with suitable examples. [CO4, Unit IV, BTL – HOT, Analyze]
38. Analyze the implications of delayed payment or non-payment of Advance Tax on taxpayers, particularly in light of Sections 234B and 234C (interest on nonpayment or short payment of advance tax). [CO4, Unit IV, BTL – HOT, Analyze]

SECTION C

Question for Twenty (20) marks:

39. Analyze the carry forward and set-off of losses in the case of losses from the activity of owning and maintaining racehorses. How does this provision restrict the general application of losses against other sources of income? [CO1, Unit I, BTL – HOT, Analyze]
40. "Green Innovations LLP," a partnership firm, has a taxable income of ₹75 lakh. This is after claiming: (i) ₹25 lakh deduction under Section 80-IB, (ii) ₹15 lakh deduction under Section 35AD (after reducing allowable depreciation), and (iii) ₹10 lakh deduction under Section 10AA. Its normal tax liability is ₹23.4 lakh (including cess). Determine, with detailed calculations:

- a) Its Adjusted Total Income.
- b) Its Alternate Minimum Tax (AMT) liability.
- c) Its final tax payable for the year.
- d) The amount of AMT credit (if any) generated and the rationale behind it. [CO2, Unit II, BTL – HOT, Evaluate]

41. The following is the Profit and Loss Account of partnership firm of x y z assessed firm, for the year ended 31st March 2023. Compute and analyze 'Book Profits' for Assessment Year 2023-24.

Particulars	Rs.	Particulars	Rs.
General Expenses	7,00,000	Gross Profit	28,75,000
Entertainment Expenses	2,75,000	Interest on Bank Deposits	1,45,000
Advertising	4,45,000	Excise Duty Refund	1,80,000
Rent, Rates and Taxes	2,90,000		
<u>Salary to Partners</u>			
X – Rs. 1,00,000			
Y- Rs. 1,50,000			
Z- Rs. 1,75,000	4,25,000		
<u>Interest on Capital</u>			
X – @ 20% - Rs. 40,000			
Y- @ 10% - Rs. 20,000			
Z- @ 15% - Rs. 30,000	90,000		
Donations	4,36,000		
Income Tax	49,000		
Net Profits	4,90,000		
	32,00,000		32,00,000

Other Information:

- 1) General expenses include Rs. 1,25,000 which is inadmissible.
- 2) Advertising includes Rs. 1,45,000 for advertising in a souvenir of a Political Party.
- 3) Payment of interest on capital and salary to partners is provided for in the Partnership Deed. [CO2, Unit II, BTL – HOT, Analyze]

42. Analyze the legislative intent behind introducing the provisions for quoting and authentication of PAN and Aadhaar under Sections 139A and 139AA. Explain how these measures contribute to transparency, traceability, and prevention of tax evasion. [CO3, Unit III, BTL – HOT, Analyze]

43. “The system of Tax Deduction at Source (TDS) acts as a tool for widening the tax base and ensuring a steady flow of revenue to the Government.” Critically evaluate this statement in light of various TDS provisions such as Sections 192, 194C, 194H, and 194J. Discuss whether the compliance burden imposed on taxpayers justifies the benefits of the TDS mechanism. [CO4, Unit IV, BTL – HOT, Evaluate]

Summary:

CO Wise:

CO	Ques. No	Marks
CO1	1,2,3,4,5,22,23,24,25,39	85
CO2	6,7,8,26,27,28,29,40,41	95
CO3	9,10,11,12,13,14,15,30,31,32,33,34,42	105
CO4	16,17,18,19,20,21,35,36,37,38,43	90

Unit Wise:

Unit	Ques No	Marks
I	1,2,3,4,5,22,23,24,25,39	85
II	6,7,8,26,27,28,29,40,41	95
III	9,10,11,12,13,14,15,30,31,32,33,34,42	105
IV	16,17,18,19,20,21,35,36,37,38,43	90

Blooms Taxonomy Level (BTL) Wise

BTL	Ques No	Marks
LOT	1,2,3,4,5,6,7,8,9,10,11,12,13,14,15,16,17,18,19,20,21,23,25,27,30,31,32,35,36	185
HOT	22,24,26,28,29,33,34,37,38,39,40,41,42,43	190

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Disclaimer: - This is a Practice Set. The Question in End term examination will differ from the Practice set. This Practice set is meant for practice only.